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Message Text

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46
ORIGIN NEA-16

INFO OCT-01 ISO-00 TRSE-00 EB-11 SSO-00 NSCE-00 SP-03

AID-20 NSC-07 RSC-01 CIEP-03 SS-20 STR-08 OMB-01

CEA-02 FRB-03 COME-00 L-03 H-03 PRS-01 PA-04 USIE-00

INRE-00 CIAE-00 INR-11 NSAE-00 SAM-01 FEAE-00 /119 R

DRAFTED BY NEA/ARP:FMDICKMAN:CEJ
APPROVED BY NEA/ARP:FMDICKMAN
NEA/P - MR. SHERMAN
TREASURY - MR. WILLIAMS (INFO)
---------- 073344
O 091445Z P 74
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA IMMEDIATE

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E.O. 11652:N/A
TAGS:EFIN, SA, US
SUBJECT:SAUDI PURCHASE OF TREASURY ISSUES AND OTHER USG
INSTRUMENTS
REF: JIDDA 5157
1. SATURDAY (SEPT 7) NEW YORK TIMES CARRIED A FRONT PAGE
ARTICLE WRITTEN BY JUAN DE ONIS DATELINED JIDDA SEPT 6
IN WHICH DE ONIS REPORTS THAT SAUDI ARABIA HAD DECIDED
TO PURCHASE SEVERAL BILLION DOLLARS OF SPECIAL BOND ISSUES
BY THE US TREASURY ACCORDING TO QTE GOVERNMENT FINANCIAL
SOURCES UNQTE. THESE SOURCES SAID THE AMOUNT AND TERMS
WERE STILL TO BE NEGOTIATED AND INDICATED THAT THE PURCHASE
WOULD BE LESS THAN THE PROPOSAL WELL IN EXCESS OF FIVE
BILLION DOLLARS PRESENTED IN JULY BY TREASURY SECRETARY
SIMON. ARTICLE FURTHER REPORTS THAT QTE AN AMERICAN DIP-
LOMATIC SOURCE SPECULATED THAT THE AMOUNT AND TIMING OF ANY
PURCHASE WOULD BE GEARED TO PROGRESS TOWARD A POLITICAL
SETTLEMENT BETWEEN THE ARABS AND ISRAEL UNQTE.
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2. DE ONIS ARTICLE ALSO REPORTS THAT DECISION TO PURCHASE BONDS WAS APPROVED BY KING FAISAL AND THAT IT WAS AN IMPORTANT STEP BY SAUDI ARABIA TOWARD INTERNATIONAL COOPERATION IN THE USE OF ITS ENORMOUS OIL INCOME WHICH IS ESTIMATED IN CURRENT BUDGET AT 26 BILLION DOLLARS. BALANCE OF ARTICLE CONTAINS A REVIEW OF SAUDI PLEDGES AND CONTRIBUTIONS FOR VARIOUS TYPES OF ASSISTANCE.

3. AT END OF DE ONIS ARTICLE, THERE IS SHORT AP ITEM WHICH STATES THAT WASHINGTON SOURCES HAVE CONFIRMED THAT SAG HAS PURCHASED 200 MILLION DOLLARS OF FEDERAL NATIONAL MORTGAGE ASSOCIATION DEBENTURES WHICH INCLUDED 100 MILLION DOLLARS AT 8.5 PERCENT MATURING JUNE 10, 1980 AND A SIMILAR AMOUNT AT 8.875 PERCENT DUE MARCH 10, 1982.

4. COPY OF ARTICLE BEING POUCHED.

5. WILL BE SENDING BY SEPTEL GUIDANCE FOR DEPARTMENT SPOKESMAN IN EVENT SUBJECT IS RAISED. KISSINGER

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*** Current Handling Restrictions *** n/a
*** Current Classification *** LIMITED OFFICIAL USE

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Draft Date: 09 SEP 1974
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Subject: SAUDI PURCHASE OF TREASURY ISSUES AND OTHER USG INSTRUMENTS
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